Ammunition Depot Dapper, 5158 rounds issued to six Army units were declared unserviceable between the years 1995 to 2000. The ammunition was stored at depot on plinths covered with tarpaulins due to paucity of covered storage accommodation. The ammunition was thus exposed to vagaries of weather.

(c) Adequate funds have been made available to construct proper ammunition storehouses in the existing ammunition depots. Funds made available during last three years and the current financial year are as under:

(i)	1999-2000	Rs. 121 crores
(ii)	2000-2001	Rs. 228 crores
(iii)	2001-2002	Rs. 147 crores
(iv)	2002-2003	Rs. 334 crores

Supply of VPS. MK-II Radio Set and Radio Trunk System

2234. SHRI AMAR SINGH: Will the Minister of DEFENCE be pleased to state:

(a) the terms and conditions of the order for the supply of VPS. MK.-II Radio Set, Radio Trunk System placed with the Punjab Wireless System Ltd. on the 31st March, 1999 by the Army Headquarters;

(b) the total amount of advance payment given to the company for the execution of the supply order;

(c) whether it is a fact that company failed to execute the said supply order and whether advanced money has been recovered from the company; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) A Statement is enclosed. (*See* below)

(b) A total amount of Rs. 6,06,10,195/- was paid as advance to M/s. Punjab Wireless System Ltd. against the Supply Orders as per details given below:—

(i) Rs. 39 lakhs for procurement of quantity 500 TVS 2UM Radio Set VPS.MK-II;

(ii) Rs. 5,67,10,195/- for Radio Trunk System quantity 15

(c) and (d) The company has failed to execute the said Supply Order as the firm has gone bankrupt and is under liquidation. The claims for recovery of the amounts paid in advance along with the interest thereon and the liquidated damages have been submitted to the Official Liquidator of M/s. Punjab Wireless Systems Ltd.

Statement

Terms and conditions of the order of supply of VPS.MK.-II Radio Set and Radio Trunk System.

The terms and conditions of the supply order placed on M/s. Punjab Wireless System Ltd. for procurement of VPS.MK-II Radio Set and Radio Trunk System, *inter alia*, are as under:—

(i) Central Excise Duty would be reimbursed to the contractor in full. The claim was to be based on ad-valorem rates valid as on the date of supply.

(ii) Central Sales Tax was to be admissible at the rate of 4% against Form 'D'. For imported products/items, Customs Duty exemption facility was to be granted. Liquidated Damages for delays in supply were to be levied at the rate of 0.5% of the contract price for each period of one week or part thereof of the delay subject to a maximum of 5% of the contract price. In the event of contractor failing to deliver goods in specified time, the contract was to be cancelled and all money paid recovered charging accumulated interest at the rate of 12% per annum.

(iii) Initial advance payment of 20% against Bank Guarantee for an equal amount was to be released to the contractor on placement of the Supply Order. Further payment not exceeding 85% (including 20% advance already paid) was to be released for purchase of material and cost booked towards the supply order. 10% payment of each consignment was to be released on presentation of proof of despatch of stores. Balance 5% amount of each bill was to be retained by Government which was to be released progressively against consignment wise receipt of Bank Guarantee of equal amount for entire period of warranty of stores.